

AMENDED IN ASSEMBLY APRIL 28, 2003

AMENDED IN ASSEMBLY APRIL 10, 2003

AMENDED IN ASSEMBLY MARCH 26, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1061

Introduced by Assembly Member Firebaugh

February 20, 2003

An act to amend Sections 10200, 10201, and 10205 of the Unemployment Insurance Code, relating to unemployment insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1061, as amended, Firebaugh. Unemployment insurance: Employment Training Panel: small businesses.

Existing law provides for the establishment of an employment training program and the Employment Training Panel in the Employment Development Department. Existing law requires the panel, among other duties, to establish a 3-year plan that is updated annually, as provided, to maintain a system to continuously monitor economic and other data required under the plan, and to report annually to the Legislature on projects operating during the previous state fiscal year.

This bill would additionally require the panel to publish *a list of training projects the panel funded in high unemployment areas and a description of the policies and procedures for designation of the panel used to designate geographic regions and municipalities as Employment Training Panel High Unemployment Areas, as defined, high unemployment areas* and to report to the Legislature regarding

strategies identified through demonstration pilot projects *to increase the access of small businesses to panel programs*, as provided.

Existing law requires that each 3-year plan include, among other things, the panel's goals and operational objectives for meeting the needs of small business employers.

This bill would require that those goals and objectives include strategies, which may include demonstration pilot projects, to enable the panel to increase small business' access to the Employment Training Panel program and services. This bill would ~~define the term "small business"~~ and would also make certain findings and declarations related to the operation of the Employment Training Panel and allocation of its funds.

This bill would also make certain findings and declarations regarding the new federal requirements imposed on aerospace and defense prime contractors. This bill would also require, *until January 1, 2007*, the Employment Training Panel to initiate an aerospace and defense industry supplier improvement pilot project, *as provided*.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) According to a November 1, 2001, report, issued by the
4 California Research Bureau entitled "California's Job Training,
5 Employment and Vocational Education Programs," millions of
6 California's working adults need to upgrade their educational and
7 work skills in order to secure employment at a living wage.

8 (b) More than 2.5 million California workers, or nearly one in
9 five adults in the workplace, lack a high school diploma.

10 (c) Assisting workers in enhancing their skills and in qualifying
11 for high paid employment is critical if the state is to maintain a
12 competitive advantage in today's global economy.

13 (d) The Employment Training Panel, the state's major job
14 training program for employed workers, funds a variety of
15 workforce training services, including vocational training,
16 ~~structured onsite training~~, industry-specific skills training, job
17 related literacy training, and retraining of workers.



(e) According to a two-year study conducted in 1999 and 2000 by California State University, Northridge, Employment Training Panel-sponsored training increased worker earnings, reduced unemployment, increased growth of California companies, and stimulated economic expansion in the state. This study also found that firms participating in the panel's single employer contracts have increased wages by approximately 25 percent and experienced a 15-percent increase in job growth.

~~(f) Recent studies have found that California's small firms receive a limited share of Employment Training Panel funds. The California Research Bureau, in its March 2000 report, "A Coordinated Approach to Raising the Socio-Economic Status of Latinos in California," revealed that small business firms do not apply for those funds because they may experience difficulty in providing the levels of release time for their workers required by the panel, lack internal staffing capacity required to complete administrative requirements of the program, or are unaware of Employment Training Panel programs.~~

~~(g) According to the Employment Training Panel's Small Business Work Group, less than 3 percent of the Employment Training Panel's total funds are allocated directly to small businesses with 100 or fewer employees and less than 1 percent for small businesses with fewer than 50 employees.~~

~~(h) As a result of the findings of the panel's Small Business Work Group, the panel initiated a Small Business Pilot Project designed~~

(f) The Employment Training Panel has established a Small Business Pilot Project designed to target companies who do not have access to the panel through traditional funding processes. The Small Business Pilot Project is designed to serve approximately 34 small firms.

~~(i)~~

(g) According to the panel's annual 2001-02 report, 18 percent of all retrainees and 65 percent of all new hires were employed by firms with 100 or fewer employees, and 36 percent of the panel's total funds were awarded to small firms employing 100 or fewer total funds were used to train workers in small businesses employing 100 or fewer workers.

~~(j)~~

1 (h) The Employment Training Panel is statutorily required to
2 fund only certain projects, including projects that foster creation
3 of high-wage, high-skilled jobs in a manufacturing industry and
4 other industries threatened by out-of-state competition.

5 ~~(k)–~~

6 (i) The Los Angeles County Economic Development
7 Corporation's Semiannual Economic Forecast and Industry
8 Outlook for the five county Los Angeles region cited high growth
9 in regional aerospace and defense industries as a result of increased
10 federal defense spending and homeland security efforts. The
11 corporation's report also cited significant competition from other
12 states for federal aerospace and defense contracts.

13 SEC. 2. It is the intent of the Legislature to do all of the
14 following:

15 ~~(a) Define the term "small business," for purposes of~~
16 ~~Employment Training Panel services.~~

17 ~~(b) Increase access to the funds and services of the Panel for~~
18 *(a) Enhance access to the funds and services of the panel for*
19 *California firms employing 100 or fewer workers.*

20 ~~(c)–~~

21 *(b) Authorize the Employment Training Panel to initiate*
22 *demonstration pilot projects for purposes of identifying to identify*
23 *new strategies to increase small firms' access to Employment*
24 *Training Panel programs and services. Strategies may include, but*
25 *not be limited to, recommendations for improved small business*
26 *outreach and a streamlined process for application,*
27 *administration, and monitoring of contracts funded by the*
28 *Employment Training Panel.*

29 *(c) Require the Employment Training Panel to identify in its*
30 *annual report, required by subdivision (a) of Section 10205 of the*
31 *Unemployment Insurance Code, the pilot projects that were*
32 *established in accordance with subdivision (b) and to describe the*
33 *strategies that were identified through these projects to increase*
34 *access by small businesses to Employment Training Panel training*
35 *contracts.*

36 ~~(d) Commencing on November 30, 2004, require the~~
37 ~~Employment Training Panel to include in its annual report a~~
38 ~~summary of strategies identified through demonstration pilot~~
39 ~~projects, to implement policy changes designed to increase access~~

1 ~~by small firms to contracts, as administered and funded by the~~
2 ~~Employment Training Panel.~~

3 SEC. 3. Section 10200 of the Unemployment Insurance Code
4 is amended to read:

5 10200. The Legislature finds and declares the following:

6 (a) California's economy is being challenged by competition
7 from other states and overseas. In order to meet this challenge,
8 California's employers, workers, labor organizations, and
9 government need to invest in a skilled and productive workforce,
10 and in developing the skills of frontline workers. For purposes of
11 this section, "frontline worker" means a worker who directly
12 produces or delivers goods or services.

13 The purpose of this chapter is to establish a strategically
14 designed employment training program to promote a healthy labor
15 market in a growing, competitive economy that shall fund only
16 projects that meet the following criteria:

17 (1) Foster job creation of high-wage, high-skilled jobs, or
18 foster retention of high-wage, high-skilled jobs in manufacturing
19 and other industries that are threatened by out-of-state
20 competition. Provide for retraining contracts in companies that
21 make a monetary or in-kind contribution to the funded training
22 enhancements.

23 (2) Encourage industry-based investment in human resources
24 development that promotes the competitiveness of California
25 industry through productivity and product quality enhancements.

26 (3) Result in secure jobs for those who successfully complete
27 training. All training shall be customized to the specific
28 requirements of one or more employers or a discrete industry and
29 shall include general skills that trainees can use in the future.

30 (4) Supplement, rather than displace, funds available through
31 existing programs conducted by employers and
32 government-funded training programs, such as the Workforce
33 Investment Act of 1998, the Carl D. Perkins Vocational Education
34 Act, CalWORKs, the Enterprise Zone Act, and the Stewart B.
35 McKinney Homeless Assistance Act, the California Community
36 Colleges Economic Development Program, or apportionment
37 funds allocated to the community colleges, regional occupational
38 centers and programs, or other local educational agencies. In
39 addition, it is further the intention of the Legislature that programs
40 developed pursuant to this chapter shall not replace, parallel,

1 supplant, compete with, or duplicate in any way already existing
2 approved apprenticeship programs.

3 (b) The Employment Training Panel, in funding projects that
4 meet the requirements of subdivision (a), shall give funding
5 priority to those projects that best meet the following goals:

6 (1) Result in the growth of the California economy by
7 stimulating exports from the state, and the production of goods and
8 services that would otherwise be imported from outside the state.

9 (2) Train new employees of firms locating or expanding in the
10 state that provide high-skilled, high-wage jobs and are committed
11 to an ongoing investment in the training of frontline workers.

12 (3) Develop workers with skills that prepare them for the
13 challenges of a high performance workplace of the future.

14 (4) Train workers who have been displaced, have received
15 notification of impending layoff, or are subject to displacement,
16 because of a plant closure, workforce reduction, changes in
17 technology, or significantly increasing levels of international and
18 out-of-state competition.

19 (5) Are jointly developed by business management and worker
20 representatives.

21 (6) Develop career ladders for workers.

22 (7) Promote the retention and expansion of the state's
23 manufacturing workforce.

24 (c) The program established through this chapter is to be
25 coordinated with all existing employment training programs and
26 economic development programs, including, but not limited to,
27 programs such as the Workforce Investment Act of 1998, the
28 California Community Colleges, the regional occupational
29 programs, vocational education programs, joint
30 labor-management training programs, and related programs under
31 the Employment Development Department and the Technology,
32 Trade, and Commerce Agency.

33 SEC. 4. Section 10201 of the Unemployment Insurance Code
34 is amended to read:

35 10201. As used in this chapter:

36 (a) "Department" means the Employment Development
37 Department.

38 (b) "Employer" or "eligible employer" means any employer
39 subject to Part 1 (commencing with Section 100) of Division 1,
40 except any public entity, or any nonprofit organization which has

1 elected an alternate method of financing its liability for
2 unemployment insurance compensation benefits pursuant to
3 Article 5 (commencing with Section 801), or Article 6
4 (commencing with Section 821) of Chapter 3.

5 Any public entity or nonprofit organization that has elected an
6 alternate method of financing its liability for unemployment
7 insurance compensation benefits pursuant to Article 5
8 (commencing with Section 801), or Article 6 (commencing with
9 Section 821) of Chapter 3, shall be deemed to be an employer only
10 for purposes of placement of new hire trainees who received
11 training as an incidental part of a training project designed to meet
12 the needs of one or more private sector employers.

13 (c) “Eligible participant” means any person who, prior to
14 beginning training or employment pursuant to this chapter, is any
15 of the following:

16 (1) Unemployed and has established an unemployment
17 insurance claim in this state, or has exhausted eligibility for
18 unemployment insurance benefits from this state within the
19 previous 24 months.

20 (2) Employed for a minimum of 90 days by his or her employer,
21 or if employed for less than 90 days, met the conditions of
22 paragraph (1) at the time of hire, had received a notice of layoff
23 from the prior employer, or was employed by an employer for a
24 period of not less than 90 days during the 180-day period prior to
25 the employee’s current employment.

26 (d) “Executive director” means the executive director
27 appointed pursuant to Section 10202.

28 (e) “Fund” means the Employment Training Fund created by
29 Section 1610.

30 (f) “Job” means employment on a basis customarily
31 considered full time for the occupation and industry. The
32 employment shall have definite career potential and a substantial
33 likelihood of providing long-term job security. Furthermore, the
34 employment shall provide earnings, upon completion of the
35 employment requirement specified in subdivision (f) of Section
36 10209, equal to 50 percent, in the case of new hire training, or 60
37 percent, in the case of retraining, of the state or regional average
38 hourly wage. However, in no case shall the employment result in
39 earnings of less than 45 percent of the state average hourly wage
40 for new hire training and 55 percent of the state average hourly

1 wage for retraining. The panel may consider the dollar value of
2 health benefits that are voluntarily paid for by an employer when
3 computing earnings to meet the minimum wage requirements.

4 (g) “New hire training” means employment training,
5 including job-related literacy training, for persons who, at the start
6 of training, are unemployed.

7 (h) “Panel” means the Employment Training Panel created by
8 Section 10202.

9 (i) “Retraining” means employment related skill and literacy
10 training for persons who are employed and who meet the definition
11 of paragraph (2) of subdivision (c) prior to commencement of
12 training and will continue to be employed by the same employer
13 for at least 90 days following completion of training.

14 (j) “State average hourly wage” means the average weekly
15 wage paid by employers to employees covered by unemployment
16 insurance, as reported to the Employment Development
17 Department for the four calendar quarters ending June 30 of the
18 preceding calendar year, divided by 40 hours.

19 (k) “Trainee” means an eligible participant.

20 (l) “Training agency” means any private training entity or
21 local educational agency.

22 ~~(m) (1) “Small business” means a business concern that~~
23 ~~satisfies all of the following:~~

24 ~~(A) It is independently owned and operated.~~

25 ~~(B) It has no more than 100 full-time employees.~~

26 ~~(C) Its principal place is located in California.~~

27 ~~(D) Its owners, or officers in the case of a corporation, are~~
28 ~~domiciled in California.~~

29 ~~(2) A franchise may be considered a small business if it meets~~
30 ~~the requirements stipulated above and consists of an arrangement~~
31 ~~in which the owner of a trademark, trade name, or copyright~~
32 ~~licenses others, under specified conditions or limitations, to use the~~
33 ~~trademark, trade name, or copyright and the business relationship~~
34 ~~between the two parties is an arm’s length relationship between~~
35 ~~two independent contractors with their respective rights~~
36 ~~determined by a contract.~~

37 ~~(3) (A) A company is not a small business if it is a subsidiary~~
38 ~~corporation.~~

39 ~~(B) “Subsidiary corporation” means a corporation that is~~
40 ~~subject to a parent corporation, that has the power either directly~~

1 ~~or indirectly or through another corporation or series of~~
2 ~~corporations to elect a majority of the subsidiary's directors.~~

3 ~~(n) "High unemployment areas" means any of the following:~~

4 ~~(1) Counties with unemployment rates that are at least 50~~
5 ~~percent higher than the state average, based on the most recent~~
6 ~~Employment Development Department unemployment statistics~~
7 ~~from its Labor Market Information Division.~~

8 ~~(2) Areas within Los Angeles County with unemployment~~
9 ~~rates that exceed the state average based on the most recent~~
10 ~~Employment Development Department unemployment statistics~~
11 ~~from its Labor Market Information Division and census data~~
12 ~~information.~~

13 SEC. 5. Section 10205 of the Unemployment Insurance Code
14 is amended to read:

15 10205. The panel shall do all of the following:

16 (a) Establish a three-year plan that shall be updated annually,
17 based on the demand of employers for trained workers, changes in
18 the state's economy and labor markets, and continuous reviews of
19 the effectiveness of panel training contracts. The initial three-year
20 plan shall be submitted to the Governor and the Legislature not
21 later than January 1, 1994. The initial update of the plan shall be
22 submitted not later than July 1, 1994, and annual updates of the
23 plan thereafter shall be submitted not later than July 1 of each year.
24 In carrying out this section, the panel shall review information in
25 the following areas:

26 (1) Labor market information, including the state-local labor
27 market information program in the Employment Development
28 Department, and economic forecasts.

29 (2) Evaluations of the effectiveness of training as measured by
30 increased security of employment for workers and benefits to the
31 California economy.

32 (3) The demand for training by industry, type of training, and
33 size of employer.

34 (4) Changes in skills necessary to perform jobs, including
35 changes in basic literacy skills.

36 (5) Changes in the demographics of the labor force and the
37 population entering the labor market.

38 (6) Proposed expenditures by other agencies of federal
39 Workforce Investment Act funds and other state and federal
40 training and vocational education funds on eligible participants.

~~(b) Publish policies and procedures for designation of geographic regions and municipalities as Employment Training Panel High Unemployment Areas.~~

~~(c)~~

(b) Maintain a system to continuously monitor economic and other data required under this plan. If this data changes significantly during the life of the plan, the plan shall be amended by the panel. Each plan shall include all of the following:

(1) The panel's objectives with respect to the criteria and priorities specified in Section 10200 and the distribution of funds between new-hire training and retraining.

(2) The identification of specific industries, production and quality control techniques, and regions of the state where employment training funds would most benefit the state's economy and plans to encourage training in these areas, including specific standards and a system for expedited review of proposals that meet the standards.

(3) A system for expedited review of proposals that are substantially similar with respect to employer needs, training curriculum, duration of training, and costs of training, in order to encourage the development of proposals that meet the needs identified in paragraph (2).

~~(4) The panel's goals and operational objectives with respect to meeting the needs of small employers. These strategies may include, but are not limited to, pilot demonstration projects, designed to identify and remove current barriers to small business access to Employment Training Panel programs and workforce training resources.~~

(4) The panel's goals, operational objectives, and strategies to meet the needs of small businesses, including, but not limited to, those small businesses with 100 or fewer employees. These strategies proposed by the panel may include, but not be limited to, pilot demonstration projects designed to identify potential barriers that small businesses may experience in accessing panel programs and workforce training resources, including barriers that may exist within small businesses.

(5) The research objectives of the panel that contribute to the effectiveness of this chapter in benefiting the economy of the state as a whole.

1 (6) A priority list of skills that are in such short supply that
2 employers are choosing to not locate or expand their businesses in
3 the state or are importing labor in response to these skills
4 shortages.

5 (c) Solicit proposals and write contracts on the basis of
6 proposals made directly to it. Contracts for the purpose of
7 providing employment training may be written with any of the
8 following:

9 (1) An employer or group of employers.

10 (2) A training agency.

11 (3) A local workforce investment board with the approval of
12 the appropriate local elected officials in the local workforce
13 investment area.

14 (4) A grant recipient or administrative entity selected pursuant
15 to the federal Workforce Investment Act of 1998, with the
16 approval of the local workforce investment board and the
17 appropriate local elected officials.

18 These contracts shall be in the form of fixed-fee performance
19 contracts. Notwithstanding any provision of law to the contrary,
20 contracts entered into pursuant to this chapter shall not be subject
21 to competitive bidding procedures. Contracts for training may be
22 written for a period not to exceed 24 months for the purpose of
23 administration by the panel and the contracting employer or any
24 group of employers acting jointly or any training agency for the
25 purpose of providing employment training.

26 (d) Fund training projects that best meet the priorities
27 identified annually. In doing so, the panel shall seek to facilitate the
28 employment of the maximum number of eligible participants.

29 (e) Establish minimum standards for the consideration of
30 proposals, which shall include, but not be limited to, the
31 identification of employers who have been contacted by the
32 contractor and who have provided reasonable assurance that they
33 will employ successful trainees, the number of jobs available, the
34 skill requirements for the identified jobs, the projected cost per
35 person trained, hired, and retained in employment, the wages paid
36 successful trainees upon placement, and the curriculum for the
37 training. No proposal shall be considered or approved that
38 proposes training for employment covered by a collective
39 bargaining agreement unless the signatory labor organization
40 agrees in writing.

(f) Develop a process by which local workforce investment boards may apply for marketing resources for the purpose of identifying local employers that have training needs that reflect the priorities of the panel. The panel may delegate its authority to approve contracts for training to local workforce investment boards, provided that no contract approved exceeds fifty thousand dollars (\$50,000) per project without prior approval of the panel and all contracts meet the provisions of this chapter and are consistent with the annual priorities identified by the panel.

(g) Ensure the provision of adequate fiscal and accounting controls for, monitoring and auditing of, and other appropriate technical and administrative assistance to, projects funded by this chapter.

(h) Provide for evaluation of projects funded by this chapter. The evaluations shall assess the effectiveness of training previously funded by the panel to improve job security and stability for workers, and benefit participating employers and the state's economy, and shall compare the wages of trainees in the 12-month period prior to training as well as the 12-month period subsequent to completion of training, as reflected in the department's unemployment insurance tax records. Individual project evaluations shall contain a summary description of the project, the number of persons entering training, the number of persons completing training, the number of persons employed at the end of the project, the number of persons still employed three months after the end of the project, the wages paid, the total costs of the project, and the total reimbursement received from the Employment Training Fund.

(i) Report annually to the Legislature, by November 30, on projects operating during the previous state fiscal year. These annual reports shall provide separate summaries of all of the following:

(1) Projects completed during the year, including their individual and aggregate performance and cost.

(2) Projects not completed during the year, briefly describing each project and identifying approved contract amounts by contract and for this category as a whole, and identifying any projects in which funds are expected to be disencumbered.

(3) Projects terminated prior to completion and the reasons for the termination.

(4) A description of the amount, type, and effectiveness of literacy training funded by the panel.

(5) Results of complete project evaluations.

(6) *A description of pilot projects, and the strategies that were identified through these projects, to increase access by small businesses to panel training contracts.*

(7) *A listing of training projects that were funded in high unemployment areas and a detailed description of the policies and procedures that were used to designate geographic regions and municipalities as high unemployment areas.*

In addition, based upon its experience in administering job training projects, the panel shall include in these reports policy recommendations concerning the impact of job training and the panel's program on economic development, labor-management relations, employment security, and other related issues.

~~(j) Commencing on November 30, 2004, report to the Legislature regarding strategies identified through demonstration pilot projects to implement policy changes designed to increase access by small firms to contracts through the Employment Training Panel.~~

~~(k)–~~

(j) Conduct ongoing reviews of panel policies with the goal of developing an improved process for developing, funding, and implementing panel contracts as described in this chapter.

~~(t)–~~

(k) Expedite the processing of contracts for firms considering locating or expanding businesses in the state, as determined by the Technology, Trade, and Commerce Agency, in accordance with the priorities for employment training programs set forth in subdivision (b) of Section 10200.

~~(m)–~~

(l) Coordinate and consult regularly with business groups and labor organizations, the California Workforce Investment Board, the State Department of Education, the office of the Chancellor of the California Community Colleges, the Employment Development Department, and the Technology, Trade, and Commerce Agency.

~~(n)–~~

(m) Adopt by regulation procedures for the conduct of panel business, including the scheduling and conduct of meetings, the

1 review of proposals, the disclosure of contacts between panel
2 members and parties at interest concerning particular proposals,
3 contracts or cases before the panel or its staff, the awarding of
4 contracts, the administration of contracts, and the payment of
5 amounts due to contractors. All decisions by the panel shall be
6 made by resolution of the panel and any adverse decision shall
7 include a statement of the reason for the decision.

8 ~~(e)~~

9 (n) Adopt regulations and procedures providing reasonable
10 confidentiality for the proprietary information of employers
11 seeking training funds from the panel if the public disclosure of
12 that information would result in an unfair competitive
13 disadvantage to the employer supplying the information. The
14 panel may not withhold information from the public regarding its
15 operations, procedures, and decisions that would otherwise be
16 subject to disclosure under the California Public Records Act
17 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
18 Title 1 of the Government Code).

19 ~~(p)~~

20 (o) Review and comment on the budget and performance of
21 any program, project, or activity funded by the panel utilizing
22 funds collected pursuant to Section 976.6.

23 SEC. 6. The Legislature finds and declares all of the
24 following:

25 (a) (1) As the President and Congress strive to strengthen the
26 nation's capacities in aerospace and defense in order to support
27 military and governmental response to war against terrorism and
28 to enhance homeland security, the United States Department of
29 Defense requires prime contractors to achieve a 20 percent to 30
30 percent cost reduction.

31 (2) Aerospace and defense prime contractors estimate that
32 suppliers represent more than 50 percent of the cost of the prime
33 contractor's final product.

34 (3) In order for California's prime contractors to be
35 competitive for federal aerospace and defense contract awards, a
36 plan must be developed for purposes of improving California's
37 supplies base that would require additional resources. The
38 improvement plan will impact the suppliers' entire business
39 enterprise, including its leadership and workforce skills, help
40 improve business operations, and promote rapid product delivery.

(4) According to the California Small Manufacturers Association, in order for small manufacturers to achieve improvements through training, the company owners and leaders must learn to lead the changed organization. As more aerospace and defense manufacturing is outsourced, suppliers must assume additional responsibilities, including earlier and more involved participation in product development, management of inventory for customers, production of near-perfect quality products, and steady price reductions.

(5) Many of California's prime contractors have trained a cadre of managers, supervisors, and frontline workers that could serve as trainers.

(b) The Employment Training Panel shall initiate an Aerospace and Defense Industry Supplier Improvement Pilot Project, that may include, but not be limited to, proposals from *California* aerospace and defense industry prime contractors that meet the following minimum criteria:

(1) Utilize staff resources of one or more prime contractors to train a cadre of trainers designated by owners or operators of *California* small aerospace and defense suppliers.

(2) Include specified training objectives designed to, at a minimum, increase contract competitiveness, achieve process improvement, and narrow delivery windows.

~~(3) Contain training models that may include both classroom-based training and onsite training modalities to~~

(3) *Contain training models to* support structural changes of the operations of small suppliers to meet changing needs of prime contractors.

(c) *This section shall remain in effect only until January 1, 2007, and as of that date is repealed.*